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SUBJECT: NIGERIA: AMBASSADOR'S CALL ON MINISTER OF
COMMERCE: WORK REMAINS ON AGOA AND PROCTER & GAMBLE

SUMMARY

1. (SBU) Ambassador Jeter met June 26 with Minister of Commerce Bello for a discussion of U.S.-Nigeria trade relations. He stressed the need for Nigeria to take advantage of AGOA's benefits quickly. Minister Bello concurred and thanked the U.S. for its capacity-building and technical assistance efforts on AGOA. He noted that the GON will promote the sale of inputs, mainly textiles to countries already AGOA-certified while developing Nigeria's own finished-product export capacity. Minister Bello was unclear on AGOA statutory requirements regarding plant inspections and records keeping. Econ Chief noted those points and will work closely with Ministry staff to ensure they are properly reflected in the final Custom Code revisions presented to USTR for certification. Ambassador Jeter also raised Procter & Gamble's interest in a differentiated tariff structure designed to provide tariff relief for P&G while simultaneously protecting Nigeria's domestic detergent producers. Although the proposal was not accepted immediately, we will continue to push this idea at all levels of the Ministry. End Summary.

2. (U) Ambassador Jeter, USAID Abuja Chief Economist Aulakh and Embassy Economic Section Chief Carrig met June 25 with Minister of Commerce Mustafa Bello, Permanent Secretary Amuna Lawal Ali and six of the Ministry's Directors at the Minister's Federal Secretariat office for a discussion of U.S.-Nigerian trade relations. Members of the press covered the Ambassador's initial courtesy call.

3. (U) Ambassador Jeter opened by noting the importance of commerce to our developing bilateral relationship, citing the critical necessity to move "from aid to trade" as the basis for our cooperative efforts. He congratulated Bello on the Commerce Ministry's progress in preparing Nigeria for full participation in the export opportunities offered by the Africa Growth and Opportunity Act (AGOA).

AGOA Preparations

4. (U) Noting that the "Asian Tigers" owe much of their current prosperity to the preferential tariff structure programs now available to Nigeria, Ambassador Jeter stressed the importance of bringing Nigeria "on line" as quickly as possible, given the time limit on Generalized System of Preferences status for eligible AGOA countries.

5. (U) He continued that the current terms of trade are overwhelmingly in Nigeria's favor and that the USG wants to address that imbalance in a positive manner designed to provide increased wealth and an improved standard of living for all Nigerians. That, the Ambassador noted, is the only sure route to a meaningful "democracy dividend." Ambassador Jeter's remark that "We, the United States, want for Nigerians what Nigerians want for themselves: prosperity and a rightful place in global trade," drew spontaneous applause from the Minister, his staff, and the press as well.

6. (U) Minister Bello thanked Ambassador Jeter for his observations on the signal importance of our trade relations and praised the efforts of USAID and Embassy staff to increase Nigeria's capacity to trade in world markets. With respect to AGOA, Bello outlined the GON's preparatory steps that have included a November 2000 day-long joint Embassy/Ministry of Commerce "AGOA Sensitization Seminar" for the 36 State Commissioners of Commerce meeting at Jos, Plateau State; combined GON/Embassy AGOA road shows; and the GON's creation of AGOA committees at the State, Ministerial and Presidential levels.

17. (U) Bello was particularly supportive of the participation of USAID and Embassy officers as non-voting members of key Presidential level committees, assisting in developing products lines for export to the United States. Ambassador Jeter reiterated the importance of moving quickly to take advantage of Nigeria,s duty-free status for thousands of products and commended Minister Bello,s strategy to provide inputs to nations already AGOA compliant on textiles (e.g. Mauritius, South Africa, and Lesotho) while simultaneously ramping up Nigeria,s own export infrastructure.

18. (U) Bello also praised the Embassy's efforts to assist GON officials in bringing Nigeria's Customs regulations and criminal penalties for textile visa circumvention into line with AGOA requirements. He said he appreciated the Embassy's offer of support for a Ministry-organized AGOA Sensitization Seminar for key members of the National Assembly to acquaint them with the changes needed in Nigeria's criminal code.

19. (U) Ambassador Jeter commented that the Embassy was ready to assist the Ministry in the U.S. as well. He noted that Mr. Carrig, the Embassy,s AGOA coordinator, would be in Washington during the month of July and was prepared to (a) discuss the GON,s textile visa proposals with USTR and (b) initiate coordination with prospective investors and buyers of priority products lines identified by the Ministry.

110. (U) Bello made a miss step, however, when he described two key provisions of the AGOA statute ensuring Nigeria is in compliance with the textile visa requirements as optional. Speaking of the need to keep the Customs Code clutter-free so as not to complicate trade relations with other countries (he mentioned Japan), Bello suggested that Nigeria could ignore -- in rewriting its regulations -- the AGOA requirement that textile plants are subject to inspection by U.S. Customs. He also opined that Nigerian firms need not keep all the "voluminous records" mandated by AGOA.

Assistance to Procter & Gamble

11. (U) Ambassador Jeter reviewed for Minister Bello our continuing efforts in support of Procter & Gamble's request for tariff reductions on its Ariel soap powder in exchange for a substantial increase in P&G's already sizeable investment in Nigeria. Nigerian producers fear competition from cheap imports should the tariff barrier be lowered across the board.

112. (U) Ambassador and Econ Chief outlined the latest P&G proposal, which calls for a differentiated tariff structure based on the quality of the detergent product, in this case its enzyme load. In its elementary form, the P&G proposal would have duties inversely proportional to quality - the higher the quality, the lower the tariff. This approach could give P&G a break on tariffs for its high quality product without necessarily endangering the lower end of the market that domestic detergent producers fear they would lose were the tariff barrier removed for all qualities of detergent.

113. (U) Minister Bello was not immediately supportive of the idea. He noted that P&G could relocate its Ariel production facilities to Nigeria and benefit from Nigeria's export promotion regime, perhaps saving the firm more money than a cut in tariffs could provide. The Minister's staffers in early conversations with EconChief had also suggested that P&G would be unlikely to get the tariff concessions it seeks without: (a) agreeing to a price undertaking that would limit competition with domestic products; and (b) a sunset provision providing a date-certain by which the special differentiated tariff structure would expire.

114. (SBU) Minister Bello, however, did not assert that any of these suggestions were absolute or non-negotiable. He offered to convene a roundtable of the appropriate decision-makers to listen directly to proposals by P&G representatives and to have that group then make appropriate recommendations to the Presidency. (Comment. Three times we have scheduled just such a roundtable discussion. Each time one or another of the proposed participants, i.e., Commerce, Finance, Office of the Vice President, Office of the Chief Economic Advisor, Nigerian Export Promotion Council, and Nigerian Investment Promotion Commission, has had to withdraw at the last minute, scuttling the session. We will continue our efforts, however. End Comment.)

15. (SBU) Comment. Minister Bello,s remarks about Nigeria,s presumed capacity to negotiate the terms of AGOA regarding record-keeping and U.S Customs access to Nigerian textile factories surprised us. We have been in close contact with the Minister and his staff for months regarding the provisions of AGOA. Perhaps, his comment may have been more directed to the press present in the room than to us.

16. (SBU) Comment Continued: In a pull aside following the meeting, EconChief mentioned to Bello that the provisions for AGOA textile certification are not opening bids for bilateral negotiations; rather, they are integral components of the AGOA legislation, non-negotiable and applied equally to all nations asking for AGOA benefits. In subsequent conversations with Bello,s staff, EconChief was assured that the GON,s textile visa submission would be virtually identical to that of South Africa,s already approved Customs Code. End Comment.
Jeter